

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
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FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 2806
INFO AMEMBASSY BONN
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UNCLAS THE HAGUE 3280

USEEC AND USOECD ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: EINV, ECON, NL
SUBJECT: DUTCH GOVERNMENT EXTENDS MORE SUPPORT TO DUTCH MERCHANT
FLEET

REF: A) 76 THE HAGUE A-80, B) THE HAGUE 2911

1. SUMMARY: THE DUTCH GOVERNMENT'S TWO-YEAR-OLD PLAN TO
RENEW THE DUTCH MERCHANT FLEET AND HELP AILING DOMESTIC SHIP-
YARDS HAS NOT FULFILLED EXPECTATIONS. THE GOVERNMENT WILL
THEREFORE CONTINUE INVESTMENT SUBSIDIES FOR ANOTHER TWO YEARS.
END SUMMARY.

2. INVESTMENTS UP BUT LOCAL TONNAGE DOWN - IN JULY 1976 (REF A),
THE DUTCH GOVERNMENT ADOPTED AN INTEGRATED "MARITIME PLAN" TO
ALTER AND REVIVE THE NATION'S OCEAN-GOING FLEET AND THEREBY
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GIVE A BOOST TO THE DEPRESSED SHIPBUILDING INDUSTRY. THE PLAN
PROVIDED FOR BASIC SUBSIDIES OF UP TO 24 PERCENT OF TOTAL INVEST-
MENTS IN VESSELS CONSTRUCTED IN DUTCH YARDS. SO FAR THE
GOVERNMENT HAS EXPENDED 500 MILLION GUILDERS IN SUBSIDIES TO
PROMOTE TWO BILLION GUILDERS WORTH OF INVESTMENT (ONE DOLLAR NOW
EQUALS 2.23 GUILDERS), 93 PERCENT OF WHICH WENT TO DUTCH YARDS.
DURING THE PERIOD OF THE PLAN, HOWEVER, THE DUTCH FLEET DROPPED

TO 3.0 MILLION GROSS REGISTERED TONS IN 1977 FROM 3.2 MILLION TONS IN 1976. ALTHOUGH THE TOTAL AMOUNT INVESTED IS IN LINE WITH GOVERNMENT OBJECTIONS, CONSIDERABLY MORE THAN EXPECTED (ONE BILLION GUILDERS AGAINST 300 MILLION) HAS BEEN ABSORBED BY SMALLER SHIPS (VESSELS OF UP TO 500 GROSS REGISTERED TONS) WHILE INVESTMENTS IN THE LARGER ONES (VESSELS OVER 500 GROSS REGISTERED TONS) WERE DISAPPOINTINGLY LOW (ONE BILLION GUILDERS AGAINST AN ANTICIPATED 1.7 BILLION). AS A CONSEQUENCE THE REPLACEMENT OF OUTDATED AND INEFFICIENT LARGE VESSELS (COVERING 89 PERCENT OF TOTAL TONNAGE) LAGS BEHIND, LEAVING THE AVERAGE AGE FOR SHIPS IN THIS SECTOR 13 YEARS, OR WELL ABOVE THE EUROPEAN AVERAGE. IN ADDITION OVERALL PROFITABILITY FOR THE DUTCH MERCHANT FLEET HAS SHOWN NO IMPROVEMENT DURING THE LAST TWO YEARS, DUE TO THE LOW LEVEL OF FREIGHT AND INCREASING COSTS.

3. MARITIME PLAN NOW SUPPLEMENTING INVESTMENT ACCOUNT BILL (WIR) - TO CONTINUE TO IMPROVE ITS STRUCTURE AND MODERNIZE THE DUTCH MERCHANT FLEET, THE ECONOMIC, SOCIAL AND TRANSPORT MINISTERS INFORMED PARLIAMENT IN MAY THAT THE GOVERNMENT WILL CONTINUE THE MARITIME PLAN FOR ANOTHER TWO YEARS, BEGINNING JULY 1, AS PART OF THE RECENTLY ENACTED INVESTMENT ACCOUNT BILL (WIR) TO STIMULATE INVESTMENTS THROUGHOUT THE ECONOMY (REF B). ACCORDING TO THE ECONOMIC MINISTRY, THE BASIC PREMIUM OF 4.75 PERCENT A YEAR FOR FIVE YEARS OF TOTAL INVESTMENTS UNDER THE OLD PROGRAM WILL BE REPLACED BY THE BASIC PREMIUM OF 15 PERCENT FOR SHIPS CONTAINED IN THE WIR, SUPPLEMENTED BY A SPECIAL UNCLASSIFIED

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INVESTMENT PREMIUM OF 1.1 PERCENT A YEAR FOR FIVE YEARS UNDER THE AMENDED MARITIME PLAN. THE COMBINED WIR AND MARITIME PLAN SUBSIDIES WILL APPLY TO BOTH SMALL AND LARGE OCEAN-GOING VESSELS, OCEAN-GOING TUGBOATS AND RECOVERY VESSELS, AND OCEAN-GOING DREDGING AND OFFSHORE VESSELS. SINCE THE PROBLEMS OF DUTCH SHIPPING CANNOT BE OVERCOME BY INVESTMENT SUBSIDIES ALONE, THE GOVERNMENT IN COOPERATION WITH SHIPOWNERS AND TRADE UNIONS PLANS TO STUDY ALTERNATIVES TO RATIONALIZE THE MERCHANT FLEET.

4. DISAPPOINTED SHIPOWNERS DEMAND MORE GOVERNMENT SUPPORT - COMMENTING ON THE GOVERNMENT DECISION, THE ROYAL NETHERLANDS SHIPOWNERS ASSOCIATION (KNRV), IN ITS 1977 ANNUAL REPORT, SAYS THAT GOVERNMENT SUPPORT FOR THE SHIPPING INDUSTRY IS INADEQUATE AND REGRETS THE DECREASE IN THE BASIC INVESTMENT SUBSIDY FROM 23.75 PERCENT TO 15 PERCENT. KNRV BELIEVES THE GOVERNMENT SHOULD GIVE GREATER PREFERENCE TO DUTCH SHIPS FOR TRANSPORTING OFFICIAL CARGO. KNRV ALSO ASKED THE GOVERNMENT FOR STRONG SUPPORT FOR AN EEC SHIPPING POLICY TOWARDS THIRD COUNTRIES.
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